



## Glossary of Terms

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**Account** — A fiscal and accounting entity with a self-balancing set of general ledger codes in which cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, are recorded and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. For reporting purposes, the state identifies major accounts, and administratively combines all remaining accounts into roll-up funds.

**Account Code or Number** — The three-character alpha/numeric code assigned by OFM to identify each account.

**Accrual Basis** — The basis of accounting whereby revenues are recognized when they are earned and measurable regardless of when collected; and expenses are recorded on a matching basis when incurred. All proprietary and fiduciary funds use the accrual basis of accounting.

**Accrued Expenditures** — Expenditures that meet the appropriate recognition criteria of the account type involved but that have not been paid. Accrued expenditures are expected to be paid in a subsequent accounting period.

**Accrued Liabilities** — Liabilities reflecting the obligation to pay for goods or services that have been incurred or received but not paid for by the end of the accounting period. Accrued liabilities related to refunds of revenue are offset to the revenue originally recorded.

**Accrued Revenues** — Revenues that meet the appropriate recognition criteria of the fund type involved, but are not realized until a subsequent accounting period. Also refer to Accrual Basis and Modified Accrual Basis.

**Acquisition** — This type of project includes the acquisition of land, structures, and buildings. These are fixed assets that have no relationship to the addition or improvement to, or the repair or replacement of, existing fixed assets. An example of an acquisition would be purchase of a tract of land or purchase of a building.

**Activity** — An activity is something an organization does to accomplish its goals and objectives. An activity consumes resources and produces a product, service or result. One way to define activities is to consider how agency employees describe their jobs to their families and friends. On behalf of the state's citizens, we basically want to know, "What do you do? For whom? Why is it valuable?" For the Activity Inventory, an agency's work should be broken down into its discrete functions or services. An activity description that requires several compound sentences or lists to accurately convey the work probably needs to be divided into several separate activities.

**Addendum** — A written or graphic instrument issued by the architect before execution of the construction contract that modifies or interprets the bidding documents by additions, deletions, clarifications, or corrections.

**Additional Services** — Professional services that may, if authorized or confirmed in writing by the agency/institution, be rendered by the architect or other consultants in addition to the basic services identified in the owner-architect agreement. See Form C100 Sections B3 & B4.

**Additive Alternate Bid** — An amount stated in the bid to be added to the amount of the base bid if the corresponding change in work, as described in the bidding documents, is accepted.

**Allocation** — Spending authority assigned to an agency from a lump-sum appropriation that is designated for expenditure by specific governmental units and/or for specific purposes, activities, or objects. For example, the Legislature may provide a lump-sum appropriation to OFM for allocation to agencies on an as-needed basis, or according to specified criteria.

**Allotment** — An agency's plan of estimated expenditures, revenues, cash disbursements, and cash receipts for each month of the biennium.

**Alternate Financing** — Proposals that cover a wide range of financial contracts that call for the development or use of space by state agencies through a contractual arrangement with a developer or financing entity. The sale of debt obligations, Certificates of Participation (COPs) through the State Treasurer may be involved, or financing may be offered by a private developer. Title to the property involved may transfer to the state either upon exercise of an option, or at the termination of the contract.

**Alternative Analysis** — Involves identifying different ways of meeting the functional requirements of the program including various construction solutions to a problem or whether to lease, buy, build, or use some other financing techniques. This requires using approaches such as cost-benefit or life-cycle costing analysis to determine comparable costs of alternatives.

**Alternative Public Works** — Refers to public works processes authorized under RCW 39.10 and includes General Contractor / Construction Manager (GC/CM) and Design-Build. In order to use these procedures, the project must meet the criteria including project size stipulated in 39.10.

**Appropriation** — A legal authorization to make expenditures and incur obligations for specific purposes from a specific account over a specific time period. Appropriations typically limit expenditures to a specific amount and purpose within a fiscal year or biennial timeframe. Only the Legislature can make appropriations in Washington State.

**Appropriation Type** — The designator that identifies the nature of the spending authority such as state, federal, private/local. See SAAM 75.50.10.

**Architect/Engineer (A/E)** — A party to a contract to provide professional architectural or engineering design services to an agency or institution.

**Artwork Allowance** — The cost of artwork for original construction of any building excluding storage sheds, warehouses, or buildings of a temporary nature, as provided in RCW 43.17.200. All universities and colleges shall compute artwork allowances on the cost of original construction, and on the cost of major renovation or remodeling work exceeding \$200,000, as provided in RCW 28B.10.027. Agencies should compute artwork allowances for original construction on the basis of one-half of 1 percent of the sum of consultant services, maximum allowable construction cost, and equipment costs on Form C100 Section E.

**Balanced Scorecard** — A management tool that takes elements from the agency strategic plan and organizes the information in a way that focuses attention on key areas and elements needed for successful strategic management.

**Base Bid** — An offer to do construction work for payment, the acceptance of which constitutes a contract between the contractor who made the bid (the bidder) and the agency or institution who accepted it exclusive of adjustments for additive alternates. Also known as a proposal or a tender; often called a prime bid when made by a construction company that hopes to become the prime contractor, or a sub-bid when made by a company that hopes to become a subcontractor.

**Basic Design Services** — Architectural/Engineering (A/E) Basic Design Services consist of those services described in the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects in Washington State. These design services include normal architectural, structural, mechanical, electrical, and civil engineering services for the project. See Form C100 Section B2.

**Biennialization** — Converting expenditures that occurred for only part of a biennium into the amount needed for a full biennium of implementation.

**Biennium**—A two-year fiscal period. The Washington State biennium runs from July 1 of an odd-numbered year to June 30 of the next odd-numbered year.

**Bond** — An obligation by which one party (surety) agrees to guarantee performance by another of a specified obligation for the benefit of a third person or entity (obligee). Examples include bid bond, performance & payment bond. See Form C100 Section F.

**Bow Wave** — Any additional cost (or savings) that occurs in the future because a budget item in the current biennium is not fully funded or is one-time.

**Budget** — A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**Budget Development System (BDS)** — A web-based application developed as a tool to assist agencies in building all components of the decision package and submitting budget requests on line.

**Budget Drivers** — Caseload, economic, or demographic factors that have a significant effect on the state budget. Examples include inflation rate changes and state population changes in certain age groups.

**Budget Notes** — A legislative fiscal staff publication that summarizes the budget passed by the state Legislature. This publication is usually distributed a few months after the end of the legislative session. Budget notes provide guidance but are not legally binding.

**Budgeted Accounts** — Accounts that are subject to the appropriation and/or allotment process.

**Budget Preparation System (BPS)** — A mainframe computer budget preparation program operated by OFM now largely replaced by the Budget Development System (BDS). BPS1 is the salary projection component of the system and is still used for preparing the Salary, Pension, and Insurance Base reports.

**Building Renewal** — Improvements to facilities (less than \$1 million), usually to the building envelope or within the building footprint, to prevent deterioration and maintain use of the facility.

**Business Plan** — A comprehensive plan for all activities of a proprietary fund, including information that allows an understanding of the relationship between the budgeted and unbudgeted elements of the fund. (Refer to the Part 1 Budget Instructions.)

**Capital Addition** — An addition expands or extends an existing fixed asset. An example of an addition would be the construction of a new wing for a correctional institution. New construction attached to an existing structure as an extension is an addition. Generally, additions involve alterations within existing buildings to make connections.

**Capital Budget and Ten-Year Capital Plan** — The long-term financing and expenditure plan for acquisition, construction, or improvement of capital assets such as land and buildings, and for programs that accomplish facility improvements. The capital budget is included in an appropriation bill for a specific biennium; the Ten-Year Capital Plan is proposed by the Governor, but not enacted into law.

**Capital Outlays** — Expenditures which result in the acquisition of or addition to fixed assets intended to benefit future periods. In the operating budget, this label typically refers to equipment.

**Capital Policy and Communications Committee (CP/CC)** — A committee organized by OFM that includes representatives of major agencies with capital projects, universities and colleges, the design and engineering profession, and the contracting industry. The committee meets throughout the year to provide a forum for discussion of capital budgeting and project delivery issues common to all organizations, and undertakes analyses and makes recommendations regarding specific issues. Meetings are open to all agencies.

**Cash Disbursements** — Cash disbursements are any moneys (e.g., checks, cash, warrants, or Electronic Fund Transfers (EFT)) paid by the state during a period regardless of when the related obligations are incurred.

**Cash Receipts** — Cash receipts are any moneys (e.g., checks, cash, warrants, credit or amounts, or EFTs) received by the state during a period regardless of when the moneys are earned.

**Certificate of Participation (COP)** — Alternative financing method, authorized by the Legislature and typically has a revenue stream to pay the debt service for the project.

**Change Order** — A written authorization provided to a contractor approving a change from the original plans, specifications, or other contract documents, as well as a change in the cost. With the proper signatures, a change order is considered a legal document.

**Claims Review Board** — A method of resolving disputes other than by arbitration or litigation.

**Clerk of the Works** — An outdated term for a representative of the architect or owner who oversees construction, handles administrative matters, and ensures that construction is in accordance with the contract documents. Currently referred to an owner's on-site representative.

**Collective Bargaining** — A mutual obligation of the state and of employees' exclusive bargaining representatives to meet and bargain in good faith on wages, hours, and other terms and conditions of employment as defined in Chapter 354, Laws of 2002.

**Commissioning and Training** — The process for achieving, verifying, and documenting that the performance of a building and its various systems meet design intent together with the owner and occupants operational needs. The process extends through all phases of a project, from initial concept to occupancy and operation, and includes the training of maintenance personnel.

**Compensation Impact Model (CIM)** — A financial projection model used by OFM to estimate the effect on state agency budgets of changes in salaries and benefit costs.

**Construction Document Phase** — The phase of the A/E's services in which the architect prepares the construction documents from the approved design development documents and assists the agency/institution in preparation of the bidding documents.

**Construction Management (CM)** — Involves a contractual arrangement in which an owner employs an agent-consultant called a construction manager to coordinate and manage all of the construction trades. This additional management expertise is usually used on larger, more complex construction projects. However, an owner on a smaller project may retain a construction manager for that person's construction expertise to act as the representative for the owner on the project.

**Constructability Review** — The cost for an independent consultant or contractor to determine if a unique or unusual project can physically be built as designed. This is to reduce construction change orders and claims. This review should be conducted at 75 percent completion of the construction documents.

**Consultant** — A person or entity who provides advice or services to an agency or institution.

**Consultant Selection Cost** — The cost of advertising and travel for private sector members of a selection board, if required by RCW 39.80.

**Contingency** — The need for cost contingency is generated by a lack of information, at a particular point in time, for the task being estimated. Appropriate contingency amounts are dependent on the degree of risk present and the extent of the technical challenge surrounding the task. The design contingency legitimately covers uncertainties in a project and should be reduced through each phase of the design. Construction contingencies should be limited to 5 percent on new construction and 10 percent on remodeling work. Contingencies should not be considered as opportunities for extra work or to change original budget decisions.

**Contract Documents** — The drawings, specifications, conditions, agreement, and other documents prepared by the designer that illustrate and describe the work of the construction contract and the terms and conditions under which it shall be done and paid.

**Contractor** — A person, firm or corporation who or which, in the pursuit of an independent business undertakes to, or offers to undertake, or submits a bid to, construct, alter, repair, add to, subtract from, improve, move, or demolish, for another, any building, excavation or other structure, project, development, or improvement attached to real estate or to do any part thereof.

**Corrective Maintenance** — Unscheduled repair or replacement of equipment, systems, or components of facilities that require immediate action to restore service or repair problems that will interrupt building service or agency activities. This work is normally funded from the operating budget.

**Cost/Benefit Analysis** — An analysis in which consequences of the investment are measured in or converted to economic terms and qualitative benefits.

**Cost Estimating** — An element of basic services in an architect/engineer (A/E) agreement that includes an estimate of construction cost from quantity surveys and unit costs of building elements for the project. Cost estimates shall include the elements of work to complete the project, all costs and fees and taxes necessary to complete the work, plus appropriate construction estimating contingencies to cover unidentified costs necessary to complete the project. Interactive cost estimating is additional work beyond basic services in which additional design alternatives are estimated. Independent cost estimating, if needed, covers cost estimates by an independent third party contracted with the owner and used to validate cost estimates prepared by the A/E.

**Debt Limit** — Washington State's legal restriction (RCW 39.42.060) on the amount that can be paid for debt service on bonds, notes, or other borrowed money. The law states that the maximum level of payments of principal and interest on bonds issued cannot exceed 7 percent of the arithmetic mean of general state revenues for the three preceding fiscal years. The State Constitution (Article 8, Section 1(b)) contains a similar, but higher, debt limit of 9 percent of revenues.

**Debt Service Fund** — A fund type established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Dedicated Accounts** — Accounts set up by law to receive revenue from a specific source and to be spent for a specific purpose.

**Deferred Maintenance** — A backlog of activities that agencies deem necessary to bring facilities into good repair. Deferred maintenance is generally work that is left undone due to the lack of resources, or perceived lower priority than projects funded. Failure to perform deferred work may result in the progressive deterioration of the facility condition or performance, and if not addressed, will significantly increase restoration cost. Deferred maintenance backlog reduction plans must be submitted with the capital budget request.

**Design Build** — An alternative contracting method of project delivery subject to provisions in RCW 39.10 in which the agency/institution contracts directly with a single entity that is responsible for both design and construction services for a construction project.

**Design/Code Plan Check (ICBO)** — The cost for design document plan check that is performed by the International Conference of Building Officials (ICBO) only when required by local code officials. This requirement should be identified in the permit review process.

**Design Development Phase** — The phase of the A/E's services in which the consultant prepares the design development documents, from the approved schematic design studies, for submission to the agency/institution for approval.

**Design Service Contingency** — Includes an allowance for uncertainty in scoping and pricing additional services, covers variability in estimating reimbursables, includes design fees for owner directed changes and includes design fees for changes during construction that are beyond the scope of basic services and are not a result of errors or omissions by the A/E. The total amount for design services contingency ranges from 5 to 10 percent of total consultant services cost depending on the complexity of the project.

**Designer** — A party to a contract to provide professional design services to an owner, often an architect or a professional engineer. Also, one (individual or corporate) who performs the design function in construction, as a package deal, a turnkey project, or a development management project.

**Economic Life** — Economic life in the context of cost/benefit analysis refers to the span of years necessary to compare similar costs of operating and maintaining alternative solutions. It may not equate to the time required to fully depreciate the structure. The economic life span should be the same for each alternative for a project. The period of time, extending from the date of installation to the date of retirement for the intended service, over which a prudent owner expects to retain the property in order to obtain a minimum cost.

**Efficiency Measure** — A measure that shows the relationship between inputs (dollars or FTEs) to output or outcome.

**Energy LCCA Review** — As required by RCW 39.35, the Department of General Administration will review the Energy Conservation Report (LCCA) for a project. The fee for this review shall not exceed \$2,000.

**Entitlement** — A service or grant that, under state or federal law, must be provided to all applicants.

**Equipment** — See Section 4 for equipment definitions and criteria.

**ESCO** — An ESCO is a firm that contracts with a facility owner or a utility to acquire, design, install, maintain and/or finance energy conservation, cogeneration or renewable energy projects. ESCO's primarily develop, own and operate energy projects with no technical or financial risk to the facility owner or utility. The ESCO can guarantee the energy savings, utility payments, and overall cost of the project.

**Expenditure authority** — Permission for agencies to disburse moneys or accrue liabilities during specific fiscal periods, up to specified amounts, from specific accounts. Authority is provided by the Legislature, through appropriations or inclusion of nonappropriated account moneys in the legislative budget, and by the executive through allocations, approval of unanticipated receipts, or across-the-board spending reductions.

**Expenditure Authority Schedule** — A listing prepared by OFM of all dollar appropriations (by agency and account) contained in legislation, along with an assigned code for use in allotment preparation and other accounting requirements.

**Expenditures** — Decreases in net current financial resources. Expenditures include disbursements and accruals for the current period. Encumbrances are not included.

**Facility Improvements** — These include initial construction, punch-list items, retrofits, alterations, remodeling, renewals, tenant improvements, renovations, adaptations and code improvements for a facility.

**Facility** — A structure with walls and a roof.

**Facility Preservation** — This is work that improves or restores the operational and service capacity to extend the useful life of a facility but does not significantly affect the programs and services housed within the facility. This work generally differs from ordinary maintenance in the extent and cost of the work undertaken. The distinction between ordinary maintenance and preservation is made for the purpose of segregating these types of projects by funding source, either operating or capital budget.

**Fast Track** — A process in which certain portions of the A/E's design services overlap with construction activities in order to expedite the owner's early occupancy of all or a portion of the project.

**Fiscal Note** — A statement of the estimated fiscal impact of proposed legislation. This cost estimate is usually developed by the state agencies affected by the bill, and then approved and communicated to the Legislature by the Office of Financial Management.



**Fiscal Year** — A one-year fiscal period. The Washington State fiscal year extends from July 1 through the next June 30. The federal fiscal year runs October 1 through September 30. The city/county fiscal year runs January 1 through December 31.

**Fixed Assets** — A fixed, physically attached, and permanent improvement or real property. Fixed assets are normally those that are capitalized.

**Full-Time Equivalent (FTE)** — *As a unit of measure of state employees:* refers to the equivalent of one person working full-time for one year (approximately 2,088 hours of paid staff time). Two persons working half-time also count as one FTE. *As a unit of measure of students in K-12 or higher education facilities:* refers to the equivalent of one student attending class full-time for one school year (based on fixed hours of attendance, depending on grade level).

**Fund** — A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Funds** — A term that generally refers to moneys or resources.

**Fund Balance** — The excess of the assets of an account over its liabilities and reserves. For governmental funds, fund balance represents the excess of beginning balance and estimated revenues for the period over liabilities, reserves, and appropriations for the period.

**Fund Code** — A three character alpha/numeric code assigned by the Office of Financial Management to identify each specific accounting entity against which a transaction is to be charged, plus the one character appropriation type code that indicates the source character of the fund involved. The account code and appropriation type code are separated by a hyphen.

**Fund Type** — One of 11 classifications into which all individual accounts can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**General Contractor** — The general contractor is a contractor whose business operations require the use of more than two unrelated building trades or crafts whose work the contractor shall superintend or do in whole or in part. A general contractor does not include an individual who does all work personally without employees or other specialty contractors as defined in this glossary. The terms general contractor and builder are synonymous.

**General Contractor/Construction Manager (GC/CM)** — A GC/CM is a firm with which an agency or institution has selected and negotiated a guaranteed maximum allowable construction cost for a project. A competitive selection process is used through a formal advertisement and competitive bids to provide services during the design phase that

may include life-cycle cost design considerations, value engineering, scheduling, cost estimating, constructability, alternative construction options for cost savings, and sequencing of work. The GC/CM acts as the construction manager and general contractor during the construction phase. The GC/CM process is considered an alternative contracting method and is subject to provisions in RCW 39.10.

**General Fund** — A fund established to account for all financial resources except those required to be accounted for in specific dedicated funds.

**General Fund-State (GF-S)** — Refers to the basic account that receives revenue from Washington's sales, property, business and occupation, and other general taxes; and is spent for operations such as public schools, social services, and corrections.

**General Fund Accounts** — A group of accounts within the state's fund structure. These accounts within the General Fund are a grouping of accounts normally classified as Special Revenue Funds or Capital Projects Funds but which are considered a part of the total General Fund.

**General Obligation Bonds** — Bonds whose repayment is guaranteed by the "full faith and credit" of the state.

**Generally Accepted Accounting Principles (GAAP)** — Uniform minimum standards of, and guidelines for, financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines but also detailed practices and procedures.

**Geotechnical Investigation** — The cost to do soils boring, sampling, testing, and prepare recommendations. The soil boring and sampling process, together with associated laboratory tests are necessary to establish subsurface profiles and the relative strengths, compressibility and other characteristics of the various strata encountered within depths likely to have an influence on the design of the project.

**GMAP** – Government Management, Accountability, and Performance is a management initiative focused on improving the results of state government. Agency directors report in regular meetings with the Governor on the most important management and policy challenges. GMAP reports focus on performance in measurable terms.

**Goals** — Broad, high-level, issue-oriented statements of an organization's desired future direction or desired state.

**Governmental Funds** — A fund classification established to account for those resources that are devoted to financing the general governmental operations of the state. The acquisition, use, and balance of the state's resources and related current liabilities, unless required to be accounted for in proprietary funds or fiduciary funds, are to be accounted for in this classification of funds. Those funds properly classified as governmental funds are the General Fund, Special Revenue funds, Capital Projects funds, and Debt Service funds.

**Governmental Purposes** — As used in the context of use of bond/COP proceeds to pay the costs of facilities expected to be owned or used by, or to make any loan or grant

to, a state and local government unit as defined in Treas. Reg. 1.103-1. This includes any state or political subdivision thereof that has been delegated substantial taxing, police, or condemnation power under state law or any instrumentality thereof.

**Governor's Emergency Fund** — An appropriation made available to the Governor for unforeseen expenditure requirements in state agencies.

**HVAC Balancing** — The cost to test and balance designed heating, ventilation, and air conditioning systems, including water flows, at the completion of construction.

**Improvement** — A legal term referring to anything erected on and affixed to land (e.g., buildings, roads, fences, and services), which legally becomes part of the land, according to common law and statutory definition.

**Information Technology** — Equipment, software, services, and products used in processing information, office automation, and telecommunications (voice, data, and/or video).

**Initial Costs** — The same as "first cost" or the cost to provide the service or product in today's dollars for a project. Different from life cycle costs, or future costs.

**Inspection (On Site)** — The examination of work completed or in progress to determine its conformance with the requirements of the contract documents.

**Instrumentality** — An agency through which a function of another entity is accomplished, such as a branch of a governing body.

**Internal Service Fund** — A fund type established to account for the financing of goods or services provided by one state agency to other state agencies or to other governmental units on a cost reimbursement basis.

**Lease Development** — A lease development project is defined as an acquisition of space in an existing privately-owned building through a lease that provides for a period of occupancy greater than five years, with an option to purchase, or construction of a privately financed building for purposes of state occupancy. Lease-development projects represent long-term occupancy proposals, but are to be funded from operating funds only. Any funds required to pay the cost of lease-development proposals should be requested through the operating budget.

**Lease/Purchase Obligations (Real Estate)** — Lease/purchase obligations are contracts entered into by the state which provide for the use and purchase of real or personal property, and provide for payment by the state over a term of more than one year. For reference, see RCW chapter 39.94 "Financing Contracts." Lease/purchase obligations are one type of lease-development alternative.

**LEED™ (Leadership in Energy and Environmental Design)** — LEED™ is a recognized method of providing sustainable and environmentally friendly space. RCW 39.35D states that all new construction of buildings over 5,000 square feet and renovations when the cost is greater than 50 percent of the assessed value of the building shall be designed and built to a minimum LEED™ Silver Standard.

**Life-Cycle Cost** — The capital and operational cost of a construction item, system, or building during its estimated useful life.

**Life Cycle Cost Analysis** — The identification of a total life-cycle cost of a capital project. Life-cycle cost analysis is defined as the programmatic and technical considerations of all cost elements associated with capital facility alternatives under consideration. These cost elements may include any or all of the following: Capital Investment Costs, Financial Costs, Operations Costs, Maintenance Costs, Alternations Costs, Replacement Costs, Denial of Use Costs, Lost Revenue, and Associated Costs. Life-cycle costing is expected to reduce the total cost by selecting the correct designs and components to minimize the total cost of service, not only the first cost. For instance, changes to the preliminary design might increase initial cost by lower operating costs and thereby reduce total costs.

**Local Funds** — Funds under the control of an agency with cash on deposit in a local bank account and requiring the signature of agency officials on a check for disbursement. Some local funds are on deposit with the State Treasurer as a matter of convenience or statutory requirement.

**Long-Term Leases** — Those agreements that extend beyond five years (the normal facility lease period). Leases beyond a five year term will be considered when: the agency has a stable and consistent program to be housed, there is demonstrated economic advantage to the extended term, and the space is used consistent with statewide utilization standards. Contact the Department of General Administration, Division of State Services/Real Estate Services for more information on this subject.

**Major Projects** — Those projects that cost \$5 million or more, or projects that meet the following criteria: have particularly costly elements, are undertaken on a tight design budget or short design schedule, have significant policy implications to a program, or involve state of the art technology.

**Maintenance Level** — A projected expenditure level representing the estimated cost of providing currently authorized services in the ensuing biennium. It is calculated using current appropriations, the bow wave of legislative intentions assumed in existing appropriations (costs or savings), and adjustments for trends in entitlement caseload/enrollment and other mandatory expenses. This number establishes a theoretical base from which changes are made to create a new budget.

**Management Reserve** — Management reserve is an allowance for changes beyond control of the owner and recognizes the potential for variances in key assumptions in building efficiency, escalation, sales tax, permit requirements/delays, and off-site development. The amount is a function of risk and uncertainty and may be non-existent for many projects or range from 2 to 10 percent for others.

**Maximum Allowable Construction Cost (MACC)** — A cost that the owner stipulates to the design consultant before design begins. The cost is the owner's budget for the construction cost of the project and serves as the parameter in which the design consultant agrees that the construction cost of the design will not exceed.

**Modified Accrual Basis** — The basis of accounting under which expenditures, whether paid or unpaid, are formally recognized when the liability is incurred against the account,

but revenues are recognized only when they become both measurable and available to finance expenditures of the current accounting period. All governmental funds use the modified accrual basis of accounting.

**Near General Fund-State** — Accounts related to the state General Fund as defined in RCW 43.135.025; includes the Health Services Account, Violence Reduction and Drug Enforcement Account, Public Safety and Education Account, Water Quality Account, and Student Achievement Fund.

**Nonappropriated Funds** — Moneys that can be expended without legislative appropriation. Only funds in accounts specifically established in state law as being exempt from appropriation fall into this category. Nonappropriated accounts can be either budgeted (and subject to OFM allotment approval) or nonbudgeted.

**Nonbudgeted Accounts** — Accounts that are not subject to either the appropriation or the allotment process.

**Nongovernmental Purposes** — As used in the context of use of bond/COP proceeds to pay the costs of facilities expected to be owned or used by, or to make any loan or grant to, (a) the federal governmental purposes (including any federal department or agency), (b) any private nonprofit corporation (including any 501(c)(3) organization), and (c) any other private entity, such as a business corporation, partnership, limited liability company, or association. See governmental purposes definition.

**Normal Maintenance** — A systematic day-to-day process funded by the annual operating budget to control the deterioration of facilities, e.g., structures, systems, equipment, pavement, and grounds. Planned maintenance includes the following:

- Scheduled repetitive work, such as housekeeping activities, groundskeeping, site maintenance, and certain types of service contracts.
- Periodic scheduled work (preventive maintenance) that has been planned to provide adjustment, cleaning, minor repair, and routine inspection of equipment to reduce service interruptions

**Object** — A common grouping of expenditures made on the basis of homogenous activity, goods or services purchased, or type of resource to be used.

**Objectives** — Measurable targets that describe specific results a service or program is expected to accomplish within a given time period.

**Official Allotment** — The Statement of Proposed Expenditures defined in RCW 43.88.110. This means the original allotment plus a limited number of revisions. The initial allotment can only be modified by legislative changes to the appropriation level, reductions ordered by the Governor due to a cash deficit, or approved one-time changes to the second year (B, L, G, and S amendments).

**OFM Expenditure Authority** — The official allotment plus amendments for unanticipated receipts and special allocations.

**On-Site Representative** — This is a full- or part-time employee who represents the owner during construction and serves as a liaison between the architect and contractor on major projects.

**Operating Budget** — A biennial plan for the revenues and expenditures necessary to support the administrative and service functions of state government.

**Operations and Service Costs** — The costs of the regular custodial care, utilities, refuse and recycling services, parking management, boiler operations, law enforcement and security, property management, visitor information, tour services, fire protection and life-safety services, including salaries of facility staff performing these tasks.

**Operations and Maintenance (O&M) Costs** — The costs of the regular custodial care and repair, annual maintenance contracts, utilities, maintenance contracts, and salaries of facility staff performing O&M tasks. The ordinary costs required for the upkeep of property and the restoration required when assets are damaged but not replaced. Items under O&M include the costs of inspecting and locating trouble areas, cleaning and preventive work, replacement of minor parts, power, labor, and materials. O&M work is required to preserve or restore buildings, grounds, utilities, and equipment to its intended running condition so that it can be effectively used for its intended purpose.

**Operations and Maintenance Manuals** — The assembly, tabulation, and indexing of all shop drawings and submittals on all equipment, controls, and systems so that required maintenance and troubleshooting can easily be shown and understood.

**Outcome Measure** — A measure of the result of a service provided. This type of measure indicates the impact on the problem or issue the service or program was designed to achieve.

**Outline Specifications** — An abbreviated set of specification requirements normally included early in the design process.

**Output Measure** — An indicator of how much work has been completed.

**Owner** — The first party to the construction contract, who pays the contractor (the second party) for the construction work; also, the party who owns the rights to the land upon which the work is done and who, therefore, owns the work; also, the client of a designer, a construction manager, a project manager, or a development manager.

**Performance Bond** — A bond issued by a surety company on behalf of a contractor to guarantee an owner proper performance of the construction contract.

**Performance Budgeting** — The act of considering and making funding choices based on desired outcomes. Performance budgeting focuses on the results to be gained through investment decisions.

**Performance Measure** — A quantitative indicator that can be used to determine whether the agency is achieving or making progress toward some objective. Activity performance measures reported in the budget should tell the story about whether the activity is achieving its purpose and contributes to statewide priorities. These measures are most likely to be intermediate or immediate outcomes or output measures.

**Phased Construction** — Construction in which design and production more or less overlap, thus shortening project time; usually practiced in construction management projects. See Fast Track.

**Predictive Maintenance** — A refinement to preventive maintenance that integrates scheduled maintenance with system monitoring and analysis (e.g. vibration analysis, thermal/energy analysis) to identify inefficient operation or imminent breakdown. Predictive maintenance ideally reduces the cost of maintaining components that are working adequately.

**Preservation Project** — Projects that maintain and preserve existing state facilities and assets, and do not significantly change the program use of a facility. Examples would include roof replacement and exterior renovation, utility system upgrade, and repairing streets and parking lots.

**Preventive Maintenance** — A maintenance strategy where inspections are made or actions are taken on a scheduled basis to reduce service interruptions, reduce the premature failure of facilities, systems, and equipment, and continue efficient operations. Actual inspection and maintenance is performed on pre-specified schedules established by manufacturer or facility manager.

**Primary Purpose** — As used in defining a project type, the identification of the dominant driver behind the project; the area where the impact of not correcting the deficiency is most acute.

**Priorities of Government (POG)** – Washington's adaptation of the "Price of Government" budget approach first developed by Peter Hutchinson and David Osborne. This form of budgeting focuses on statewide results and strategies as the criteria for purchasing decisions.

**Program** — Any of the major activities of an agency expressed as a primary function.

**Program Projects** — Projects that are intended to accomplish a program goal such as changing or improving the use of existing space, or creating a new facility or asset through construction or purchase. These projects may have a major impact on future operating budgets – such as the construction of a new prison or university branch campus.

**Programming** — The work necessary to define the scope of a project, conduct master planning for future work, or delineate the existing conditions. This work may require field measurements or building systems testing and surveys.

**Project Budget** — The sum established by the agency/institution as available for the entire project, including the construction budget, acquisition costs, costs of furniture, furnishings and equipment, and compensation for professional services and all contingencies.

**Project Delivery System** — Method of how an owner plans to contract a project, i.e., design/bid/build, design/build, GC/CM, etc.

**Proprietary Fund** — A fund classification established to account for those activities of the state that are similar to those found in the private sector. These funds are considered self-supporting in that the services rendered by them are financed through user charges or on a cost reimbursement basis. Those funds, which are properly classified as proprietary funds, are enterprise funds and internal service funds.

**Proviso** — Language in budget bills that places a condition on the use of appropriations. Example: “Up to \$500,000 of the General Fund-State appropriation is provided solely for five additional inspectors in the food safety program.”

**Real Property** — Property that is fixed, immovable, and permanent. Real property includes land, structures affixed to the land, property affixed to the structures, and in some cases, trees etc., growing on the land.

**Reappropriation** — Capital budget appropriation that reauthorizes the unexpended portion of previously appropriated funds. Because capital projects often overlap fiscal periods, it is necessary to reauthorize some expenditure authority to ensure project completion.

**Receipts** — Unless otherwise qualified, cash received during a fiscal year irrespective of when the monies are earned.

**Record Drawings** — The revised drawings that truly reflect what was constructed including field verification.

**Reimbursable Expenses** — Amounts expended for or on account of the project that, in accordance with the terms of the appropriate agreement, are to be reimbursed by the agency/institution such as telephone charges and travel expenses in accordance with state guidelines.

**Reserve or Fund Balance** — In budget terminology, the difference between budgeted resources and expenditures.

**Reserved Allotment Status** — The portion of expenditure authority not expected to be used because of circumstances such as the Governor’s across-the-board allotment reductions, technical corrections, or proviso compliance.

**Retainage** — Those portions of cash amounts due to be paid to a contractor for work completed that are held back (retained) by the agency/institution and not paid until some later date; often at substantial completion or at final completion of the work, according to the terms and conditions of the contract and any relevant legal statute; as a security for proper performance of work and fulfillment of contractor’s requirements.

**Revenues** — Cash receipts and receivables of a governmental unit derived from taxes and other sources.

**Reversion** — Unused appropriation authority. If an agency does not spend all of its appropriation in the timeframe specified by the budget, the authorization to spend that dollar amount expires.



**Revolving Fund** — An account provided to carry out a cycle of operations. The amounts expended from the account are restored to the account by earnings from operations or by transfers from other accounts, so that the account is always intact, in the form of cash, receivables, inventory, or other assets.

**Schedule of Values** — A schedule breakdown on a month-to-month basis by the contractor to show the intended percentage of completed work by the construction trades. The schedule of values is the basis for the amount of the request for payment by the contractor.

**Schematic Design Phase** — The phase of the A/E's services in which the architect consults with the agency/institution to ascertain the requirements of the project and prepares schematic design studies consisting of drawings and other documents illustrating the scale and relationships of the project components for approval by the agency/institution. The A/E also submits a preliminary estimate of construction cost based on current area, volume, or other unit costs.

**Site Survey** — The process of mapping the boundary, topographic, or utility features of a site, measuring an existing building, or analyzing a building for use of space.

**Specifications** — The major part of a project manual, but excluding the bidding documented, contract agreement, and the conditions of the contract; the written descriptions of items of work that complement the construction drawings.

**Strategic Plan** — A long-term comprehensive plan that represents an integrated set of decisions and actions designed to ensure that the intended goals and objectives of an agency are met. The plan should answer: Where are we today? Where do we want to be? How do we intend to close the gap between where we are and where we want to be?

**Strategies** — Statements of the methods for achieving goals.

**Subcontractor** — A party to a subcontract who does trade work for a contractor (the other party), which work included under the prime contract between the same contractor and an owner; one who is defined as a subcontractor by the prime contract.

**Subobject** — A refined breakdown of object of expenditures relating to particular items or item categories.

**Subprogram** — A general term describing specific activities within an agency program.

**Supplemental Budget** — Any legislative change to the original budget appropriations.

**Suspense Expenditure Codes** — Expenditure authority codes authorized by OFM to temporarily account for program expenditures until the correct appropriation to be charged is known. Agencies are required to use these codes for such temporary accounting needs and should move expenditures out of the suspense code and into the proper code and account the following month.

**TALS** — This stands for The Allotment System, the new system scheduled for completion in 2007.

**Technology Portfolio** — The planning and management process for information technology resources adopted by the Information Services Board.

**Testing** — This is a technician's services in acquiring and testing samples of materials used in the project as required in the State Building Code such as welds, concrete strength, or bearing capacity.

**Treasury Funds** — Accounts that have cash on deposit in and under the control of the State Treasurer and are disbursed by means of a warrant.

**Unallotted Allotment Status** — Expenditure authority not specifically scheduled for expenditure, but expected to be allotted at a later time.

**Unanticipated Receipts** — Revenue received which has not been appropriated by the Legislature. The Governor has the authority to approve the allotment of such funds within the statutory guidelines of RCW 43.79.270.

**Unifomat** — A system for classifying building products and systems by functional subsystem, e.g., substructure, superstructure, exterior closure, etc.

**Useful Life** — An estimate of the total time that an asset is usable and in service.

**Value Engineering (VE)** — VE is a systematic, orderly approach to defining a facility's required function, verifying the need for the function, and creating alternatives for providing the function at minimum life-cycle cost. Value is the lowest life-cycle cost to achieve the required function. VE is a problem-solving system that emphasizes the reduction of cost while maintaining the required quality and performance of the facility. It is a technique that is applied in addition to the regular design process. It is required on all major projects.

**V/E Participation and Implementation** — The extra fee to be paid to the A/E for participation in the required value engineering study and includes incremental costs to implement those changes identified by the study and requested by the owner.